

## Fee system

Certifier for



**FAIRTRADE**  
INTERNATIONAL

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# 1. Introduction to Fairtrade fees

To allow independent operations and cover the cost for all assurance efforts, customer service, access to and running the relevant tools FLOCERT issues a certification fee to all Fairtrade customers.

Fairtrade Certification costs consist of:

- one-off application fees (see → Application fees),
- an initial fee in the first year, and
- an annual fee for all subsequent years. The annual certification fee is always charged in the same month of the year as payment of the initial fee.

For an estimate of applicable fees, the FLOCERT website provides the cost calculator ([↗ https://www.flocert.net/fairtrade-fee-calculator/](https://www.flocert.net/fairtrade-fee-calculator/)).

FLOCERT applies an “*all-in*” fee model with no extra charges for regular audits or customer attendance, however the following fees may apply under special circumstances:

- Follow-Up Audit fees (only in cases where a Follow-Up Audit is needed due to audit results),
- Exception fees (in cases where a customer applies for an Exception from the Fairtrade Standards - see → Exceptions),
- Cancellation fees, and
- Social Indicator fees (for certain cotton customers as described under → Social Indicators).

Please note that all fees are exclusive of Value-Added Tax and other taxes, which will depend on the country the customer is (fiscally) located in. The certification fees are not refundable.

## 2. Fairtrade application fees

Applicants for all Producer and Trader set-ups, including those applying for Textile and Climate certification, pay the following non-refundable application fee:

Application fee	EUR 597.00
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Customers who were denied initial certification or decertified and re-apply within 12 months will not be charged the application fee but an administration fee of EUR 300.

## 3. Fairtrade Certification fees

The following subsections explain the certification fee models:

- see → Trader Standard fees, including:
  - → Small Licensee fees
  - → Large Volume category
- see → Producer Standard fees, including:
  - → SPO Standard fees
  - → HL Standard fees
  - → CP Standard fees
- see → Textile Standard fees and → Climate Standard fees for Climate and Textile Standard customers.

## 3.1. Trader Standard fees

### **Annual Certification Fees (valid for 12 months)**

The annual certification fee for Traders is invoiced upon completion of the application and subsequently on a 12-month cycle.

The annual certification fee does not cover internal travel within the different audit sites.

There are two categories for the Trader Certification Fees that define the applicable amount :

#### **1. The following customers are classified as category 1:**

**New customers (who have not had their Fairtrade Initial Audit yet) as well as customers who:**

- pay the minimum price and/or Fairtrade Premium or act as Conveyers of the Fairtrade price and/ or Premium (or)
- have more than 2 Additional Entities (or)
- manufacture food or non-food composite products, or trade with perishable products (fruits, vegetables, flowers [not including young plants]) (or)
- benefit from exceptions (including systemic retroactive product certification) (or)
- were suspended or had a Follow-Up Audit as a result of the last audit (or)
- had more than 2 Major Non-Conformities at the last audit (or)
- are certified according to the Trader Corporate Certification (TCC) model

#### **2. Any customer not falling in category 1 is automatically invoiced according to category 2.**

Trade Certification Base Fees	Fee per category (in Euros)	
	Category 1	Category 2
Customers	EUR 3257	EUR 2254
Small Customers <sup>1</sup>	EUR 1510	EUR 501
Additional fees (added to Trade Certification Base Fee)		

Large volume fee per product <sup>2</sup>	EUR 1257	EUR 1257
Additional <u>Product Category</u> fee per category <sup>3</sup>	EUR 375	EUR 127
Additional <u>Entity</u> fee: For each entity eligible for audit <sup>4</sup>  1. For all products except Cotton: up to a maximum of 3 2. For Cotton: please refer to the bottom of this section	EUR 375	EUR 127
Associate fee per Associate	EUR 2096	

<sup>1</sup> Small Customers are only classified upon request and must be prepared to share financial statements as proof for this status.

<sup>2</sup> In the case of a Manufacturer trading composite products only, the fee will be charged only once even if more than one product is traded in a large volume.

<sup>3</sup> For invoicing purposes, additional products are defined as per the Product Standards set by Fairtrade International. In the case of a composite Manufacturer, the components are not charged as separate products but as one single composite product. In case of customers buying fresh fruits for processing and selling prepared and preserved fruits (e.g. fruit juices or dried fruits), the customer is only charged for one product category.

<sup>4</sup> Certified customers that act as Subcontractors will be exempt.

For customers certified according to the Trader Corporate Certification model, the following additional rules apply:

- Associates that are based in continents other than that of the Master Operator: In case a physical audit of an Associate based in another continent is necessary, the related travel costs (i.e. flight tickets and extra travel days if required) will be invoiced on a real cost basis.

#### **Fees for Additional Entities in Cotton**

FLOCERT invoices the Additional Entity fee for cotton as follows:

- For initial invoices: All Additional Entities registered under the Fairtrade scope will be used to calculate the applicable fee, as defined under the following bullet point.
- For annual invoices: Up to 3 Additional Entities are fully invoiced. In the case of more than 3 Additional Entities, a minimum of 3 or 1/3<sup>rd</sup> of the total number of Additional Entities will be used to calculate the applicable fee, whichever is higher.
- If a new Additional Entity is added during the course of the year, the additional fee for the Additional Entity will be charged.

### 3.1.1. Small Licensee fees

The Small Licensee fee is charged every 3 years. The first payment is due in year 1 before entering the system and subsequently every 3 years.

If the customer stops Fairtrade activity during the 3-year period, no reimbursement will be made.

For easier comparison with the Trader Certification fees (see → Trader Standard fees), the fees are illustrated below as annual fees:

Base Fees	Fee (in Euros)	
	Annual (for illustration purposes)	Invoiced per 3-year-cycle
<u>Small Licensee</u>	EUR 299,33	EUR 898
<u>Additional Entity</u> eligible for audit	EUR 127	EUR 381
<u>Follow-Up Audit Fee</u>	EUR 749	

### 3.1.2. Large Volume category

Large Volume fees are charged to all Traders with volumes above the thresholds defined in the table below - regardless of their payment roles in the supply chain (Non-Payers, Payers, Conveyors). Fairtrade volumes are evaluated based on annual purchases reported in Fairtrace two years before the invoicing year. A maximum of three Large Volumes can be charged. In the case of a composite manufacturer, only one Large Volume will be charged for the ingredients purchased to produce the composite product. When products belong to the same Product Standard set by Fairtrade International, only one Large Volume will be charged (example : Fresh Fruit and Banana).

Product	Large Volume threshold, in Metric Tons or other indicated unit
Banana	> 5000
Cane sugar*	> 500
Cereals	> 100
Cocoa*	> 600
Coffee*	> 500
Cotton* (seed, lint, yarn, fabric)	> 250
Cotton products (reported in items units)	> 600.000 items
Dried fruit	> 300
Dried Vegetables	> 300
Flowers and Plants	> 5.000.000 items
Fresh Fruit	> 800
Fruit juices	> 700
Herbs, herbal teas and spices	> 20

Honey	> 175
Nuts	> 150
Oilseeds and Oleaginous fruit	> 70
Product Category Mix (reported in weight units)	> 300
Product Category Mix (reported in items units)	> 1.000.000 items
Pulp	> 700
Rice	> 300
Sports Balls	> 45.000 items
Tea	> 60
Vegetables	> 800
Wine* (wine grapes, wine)	> 500.000 litres

\* For those products, FLOCERT converts the volumes traded in a specific product form into the product form for which the threshold is defined:

- All Cane sugar product volumes are converted to the form cane sugar (e.g. sugar cane converted to cane sugar)
- All Cocoa product volumes are converted to the form cocoa bean (e.g. cocoa powder converted to cocoa bean)
- All Coffee product volumes are converted to the form green coffee bean (e.g. coffee parchment converted to green coffee bean)
- All Cotton product volumes are converted to cotton lint (e.g. seed cotton converted to cotton lint)
- All Wine product volumes are converted to the form wine (e.g. wine grapes converted to wine)

## 3.2. Producer Standard fees

Initial and annual Producer Certification fees are applicable respectively for all Producers applying for FLOCERT certification and for all Producers certified by FLOCERT.

The initial and annual certification fees cover a period of 12 months from the date of the initial invoice and are payable regardless of whether an audit has been conducted and the Certification Decision taken.

The fees for all Producer set-ups mentioned in the following subsections consist of an initial or annual certification fee plus possible modifications of this fee, e.g. in case of additional products or Additional Entities like processing installations with workers employed – see → Modification of fees for Producer set-ups.

The annual certification fee does not cover internal travel within the different audit sites.

### 3.2.1. SPO Standard fees

Below mentioned are the initial and annual certification fees.

### 3.2.1.1. SPO initial certification fees

The initial certification fee (for the first 12 months) is charged once and must be paid before any service is delivered (including the Initial Audit).

The amount of the initial certification fee depends on the kind of organisation

- 1<sup>st</sup> grade organisations (an Initial Basic Fee applies)
- 2<sup>nd</sup> grade and 3<sup>rd</sup> grade organisations (an Initial Central Structure Fee plus an Initial Basic Fee for Affiliated Member Organisations apply)

On top of this certain modification fees apply, please refer to → Modification of fees for Producer set-ups (Additional Entity fee, additional product fees or other Producer fee modifications).

#### 1<sup>st</sup> grade organisations

##### 1<sup>st</sup> grade: Initial Basic Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
1 <sup>st</sup> grade		Members *	
	A	< 50	EUR 1631
	B	50 - 100	EUR 2323
	C	101 - 250	EUR 2560
	D	251 - 500	EUR 2787
	E	501 - 1000	EUR 3479
	F	> 1000	EUR 3943

\* Members include all active legal members of the organisation

##### 1<sup>st</sup> grade: Example including typical modification fees

A 1<sup>st</sup> grade coffee organisation with 200 legal members applying for coffee and 1 additional product (e.g. honey) to be traded under Fairtrade conditions. Furthermore, the 1<sup>st</sup> grade organisation is running a wet Processing Installation with 45 Workers.

Type of organisation	Cat.	Indicator	Factor	Individual fee (in Euros)	Total fee charged (in Euros)
1 <sup>st</sup> grade	C	101 - 250 members	x 1	EUR 2560	EUR 2560
	A	Additional product	x 1	EUR 206	EUR 206
	B	11 - 100 <u>Workers</u>	x 1	EUR 464	EUR 464
			Sum:		EUR 3230



## 2<sup>nd</sup> grade and 3<sup>rd</sup> grade organisations

### 2<sup>nd</sup>/3<sup>rd</sup> grade: Initial Central Structure Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
2 <sup>nd</sup> /3 <sup>rd</sup> grade	A	Central Structure	EUR 1736

If 1 organisation acts as the Central Structure, only the Central Structure fee will be charged for this organisation.

### 2<sup>nd</sup>/3<sup>rd</sup> grade: Initial Basic Fee for Affiliated Member Organisations

The fee for affiliated member organisations is calculated as follows:  $M * Category$

where M is the square root of the total number of member organisations that are part of the Fairtrade Certification.

The category can be found in the table below:

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
2 <sup>nd</sup> /3 <sup>rd</sup> grade	Average number of members per affiliated member organisation		
	A	< 50	EUR 1046
	B	50 - 100	EUR 1156
	C	101 - 250	EUR 1282
	D	251 - 500	EUR 1399
	E	501 - 1000	EUR 1736
	F	> 1000	EUR 1979

### 2<sup>nd</sup>/3<sup>rd</sup> grade: Example including typical modification fees

A 2<sup>nd</sup> grade coffee organisation with 20 member organisations (average number of members for each organisation is 322 members) applies for coffee and, as an additional product, for honey to be traded under Fairtrade conditions. Furthermore, the 2<sup>nd</sup> grade organisation runs 1 Processing Installation with 48 Workers.

Factor  $M = 4$

Type or organisation	Cat.	Indicator	Factor	Individual fee (in Euros)	Total fee charged (in Euros)
2 <sup>nd</sup> grade	A	<u>Central Structure</u>	x 1	EUR 1736	EUR 1736
	D	251 - 500 members	x 4	EUR 1399	EUR 5596
	A	Additional product	x 1	EUR 206	EUR 206

B	11 - 100 <u>Workers</u>	x 1	EUR 464	EUR 464
		Sum:		EUR 8002

### 3.2.1.2. SPO annual certification fees

The annual certification fee will be invoiced using the initial invoice date as reference.

The amount of the annual certification fee depends on the kind of organisation:

- 1<sup>st</sup> grade organisations
- 2<sup>nd</sup> grade and 3<sup>rd</sup> grade organisations (a Central Structure Fee plus a Basic Fee for Affiliated Member Organisations apply)

On top of this certain modification fees apply, please refer to → Modification of fees for Producer set-ups (Additional Entity fee, additional product fees or other Producer fee modifications).

#### 1<sup>st</sup> grade organisations

##### 1<sup>st</sup> grade: Annual Basic Fee

Type of organisation	Cat.	Indicator	Total fee charged
1 <sup>st</sup> grade		Members	
	A	< 50	EUR 1330
	B	50 - 100	EUR 1827
	C	101 - 250	EUR 2033
	D	251 - 500	EUR 2239
	E	501 - 1000	EUR 2740
	F	> 1000	EUR 3152

##### 1<sup>st</sup> grade: Example

A 1<sup>st</sup> grade coffee organisation with 200 members is certified for coffee and, as a second product, for honey. Furthermore, the 1<sup>st</sup> grade organisation is running a wet Processing Installation with 45 Workers.

Type of organisation	Cat.	Indicator	Factor	Individual fee	Total fee charged
1 <sup>st</sup> grade	C	101 - 250 members	x 1	EUR 2033	EUR 2033
	A	Additional product	x 1	EUR 206	EUR 206
	B	11 - 100 <u>Workers</u>	x 1	EUR 206	EUR 206
		Sum:			EUR 2445

#### 2<sup>nd</sup> grade and or 3<sup>rd</sup> grade organisations

### 2<sup>nd</sup>/3<sup>rd</sup> grade: Annual Central Structure Fee

Type of organisation	Cat.	Indicator	Total fee charged
2 <sup>nd</sup> grade/3 <sup>rd</sup> grade	A	Central Structure	EUR 1330

If 1 organisation acts as the Central Structure, only the Central Structure fee will be charged for this organisation.

### 2<sup>nd</sup>/3<sup>rd</sup> grade: Annual Basic Fee for Affiliated Member Organisations

The fee for affiliated member organisations is calculated as follows:  $M * Category$

where M is the square root of the total number of member organisations that are part of the Fairtrade Certification.

The category can be found in the table below:

Type of organisation	Cat.	Indicator	Total fee charged
2 <sup>nd</sup> grade/3 <sup>rd</sup> grade		Average number of members per affiliated member organisation	
	A	< 50	EUR 818
	B	50 - 100	EUR 818
	C	101 - 250	EUR 918
	D	251 - 500	EUR 1024
	E	501 - 1000	EUR 1230
	F	> 1000	EUR 1426

### 2<sup>nd</sup>/3<sup>rd</sup> grade: Example

A 2<sup>nd</sup> grade coffee organisation with 20 member organisations (average number of members for each organisation is 350 members) is certified for coffee and honey. Furthermore, the 2<sup>nd</sup> grade organisation runs 2 Processing Installations with 9 and 45 Workers.

Factor  $M = 4$

Type of organisation	Cat.	Indicator	Factor	Individual fee	Total fee charged
2 <sup>nd</sup> grade	A	<u>Central Structure</u>	x 1	EUR 1330	EUR 1330
	D	251 - 500 members	x 4	EUR 1024	EUR 4096
	A	Additional product	x 1	EUR 206	EUR 206
	A	1 - 10 <u>Workers</u>	x 1	EUR 106	EUR 106
	B	11 - 100 <u>Workers</u>	x 1	EUR 206	EUR 206
			Total		

## 3.2.2. HL Standard fees

### 3.2.2.1. HL initial certification fees

The initial certification fee (for the first 12 months) is charged once and must be paid before any service is delivered (including the Initial Audit).

The amount of the initial certification fee depends on the kind of organisation

- Single Plantation (an Initial Basic Fee applies) or
- Multi Estate (Central Structure fee plus Basic Fee per Estate)

On top of this certain modification fees apply, please refer to → Modification of fees for Producer set-ups (Additional Entity fee, additional product fees or other Producer fee modifications).

#### Single Plantation (also factories<sup>1</sup>)

##### Single Plantation: Initial Basic Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>Single Plantation</u>		<u>Workers</u> <sup>2</sup>	
	A	< 50	EUR 1631
	B	50 - 100	EUR 2323
	C	101 - 500	EUR 3025
	D	501 - 1000	EUR 3717
	E	> 1000	EUR 4408

<sup>1</sup> A factory is one production site where a raw product is transformed into a product with higher value. For simplification reasons, factories fall under the category "plantation". This definition is only applicable for the Product Category sports balls.

<sup>2</sup> Workers include permanent, seasonal and casual Workers (seasonal and casual Workers are considered temporary Workers).

##### Single Plantation: Example including typical modification fees

A flower Single Plantation with 250 Workers is applying for 1 additional product (e.g. tea) to be traded under Fairtrade conditions. Furthermore, the Single Plantation runs 1 Processing Installation with 50 Workers.

Type of organisation	Cat.	Indicator	Factor	Individual fee	Total fee charged
<u>Single Plantation</u>		<u>Workers</u>			
	C	101 - 500	x 1	EUR 3025	EUR 3025



A	Additional product	x 1	EUR 206	EUR 206
B	11 - 100 Workers	x 1	EUR 464	EUR 464
		Sum:		EUR 3695

**Multi Estates**

Multi Estate: Initial Central Structure Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>Multi Estate</u>	A	Central Structure	EUR 1736

If the Central Structure is identical to the organisation of 1 estate, then that respective estate's audit fee is not charged.

Multi Estate: Initial Basic Fee per Estate

The fee per affiliated estate is as follows:

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>Multi Estate</u>		Workers * per Estate	
	A	< 50	EUR 929
	B	50 - 100	EUR 1156
	C	101 - 500	EUR 1399
	D	501 - 1000	EUR 1736
	E	> 1000	EUR 2096

\* Workers include permanent, seasonal and casual Workers (seasonal and casual Workers are considered temporary Workers).

Multi Estate : Example including typical modification fees

A citrus Multi Estate with 5 affiliated estates (all 500 - 1000 Workers) applies for 2 additional products (e.g. flowers and tea) to be traded under Fairtrade conditions. Furthermore, the Multi Estate runs 2 Processing Installations with 20 Workers each.

Type of organisation	Cat.	Indicator	Factor	Individual fee (in Euros)	Total fee charged (in Euros)
<u>Multi Estate</u>	A	Central Structure	x 1	EUR 1736	EUR 1736
	D	501 - 1000 Workers	x 5	EUR 1736	EUR 8680
	A	Additional product	x 2	EUR 206	EUR 412
	B	11 - 100 Workers	x 2	EUR 464	EUR 928
			Sum:		

### 3.2.2.2. HL annual certification fees

The annual certification fee will be invoiced using the initial invoice date as reference.

The amount of the annual certification fee depends on the kind of organisation

- Single Plantation (an Annual Basic Fee applies) or
- Multi Estate (Central Structure fee plus Basic Fee per Estate)

On top of this certain modification fees apply, please refer to → Modification of fees for Producer set-ups (Additional Entity, additional product fees or other Producer fee modifications).

#### Single Plantation (also factories<sup>1</sup>)

##### Single Plantation: Annual Basic Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>Single Plantation</u>		<u>Workers</u> <sup>2</sup>	
	A	< 50	EUR 1330
	B	50 - 100	EUR 1827
	C	101 - 500	EUR 2444
	D	501 - 1000	EUR 2946
	E	> 1000	EUR 3558

<sup>1</sup> A factory is one production site where a raw product is transformed into a product with higher value. For simplification reasons, factories fall under the category "plantation". This definition is only applicable for the Product Category sports balls.

<sup>2</sup> Workers include permanent, seasonal and casual Workers (seasonal and casual Workers are considered temporary Workers).

#### Single Plantation : Example including typical modification fees

*A flower plantation with 250 Workers is certified for 1 additional product (e.g. tea) to be traded under Fairtrade conditions. Furthermore, the plantation runs 1 Processing Installation with 30 Workers.*

Type of organisation	Cat.	Indicator	Factor	Individual fee (in Euros)	Total fee charged (in Euros)
<u>Single Plantation</u>		<u>Workers</u> <sup>*</sup>			
	C	101 - 500 <u>Workers</u>	x 1	EUR 2444	EUR 2444
	A	<u>Additional product</u>	x 1	EUR 206	EUR 206
	B	11 - 100 <u>Workers</u>	x 1	EUR 206	EUR 206
			Sum:		

\* Workers include permanent, seasonal and casual Workers (seasonal and casual Workers are considered temporary Workers).

### **Multi Estates**

#### Multi Estate: Annual Central Structure Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>Multi Estate</u>	A	Central Structure	EUR 1330

If one organisation acts as the Central Structure, only the Central Structure fee will be charged for this organisation.

#### Multi Estate: Annual Basic Fee for Additional Estates

The fee per additional estate is as follows:

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>Multi Estate</u>	Number of <u>Workers</u> * per Estate		
	A	< 50	EUR 702
	B	50 - 100	EUR 876
	C	101 - 500	EUR 1046
	D	501 - 1000	EUR 1299
	E	> 1000	EUR 1568

\* Workers include permanent, seasonal and casual Workers (seasonal and casual Workers are considered temporary Workers).

#### Multi Estate : Example including typical modification fees

A citrus Multi Estate with 5 affiliated estates (all between 501 and 1000 Workers) is certified for 2 additional products (e.g. flowers and tea) to be traded under Fairtrade conditions. Furthermore, the Multi Estate runs 2 Processing Installations with 50 Workers each.

Type	Cat.	Indicator	Factor	Individual fee (in Euros)	Total fee charged (in Euros)
<u>Multi Estate</u>	A	Central Structure	x 1	EUR 1330	EUR 1330
	D	501 - 1000 <u>Workers</u>	x 5	EUR 1299	EUR 6495
	A	Additional product	x 2	EUR 206	EUR 412
	B	11 - 100 <u>Workers</u>	x 2	EUR 206	EUR 412
			Sum:		

### 3.2.3. CP Standard fees

Below mentioned are the initial and annual certification fees. Please refer to → Modification of fees for Producer set-ups for the respective modification fees, e.g. in case of additional products, Additional Entities and other modification fees.

#### 3.2.3.1. CP initial certification fees

The initial certification fee (for the first 12 months) must be paid prior to the Initial Audit.

Below are the initial certification fees for Contract Production set-ups:

- Initial Fee for Promoting Body
- Initial Fee for Group Members

Please refer to → Modification of fees for Producer set-ups for their respective modification fees.

##### Initial Fee for Promoting Body

The Promoting Body's Producer development activities are audited:

Type of organisation	Total fee charged (in Euros)
<u>Promoting Body</u>	EUR 1736

##### Initial Fee for Group Members

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<b>(Small-scale) Producer Organisation</b>		Members *	
	A	< 50	EUR 1046
	B	50 - 100	EUR 1156
	C	101 - 250	EUR 1282
	D	251 - 500	EUR 1399
	E	501 - 1000	EUR 1736
	F	> 1000	EUR 1979

\*Members include all active legal members of the organisation.

#### 3.2.3.2. CP annual certification fees

The annual certification fee will be invoiced using the initial invoice date as reference.

Below are the annual certification fees for Contract Production set-ups:

- Annual Fee for Promoting Body



- Annual Fee for Group Members

Please refer to → Modification of fees for Producer set-ups for their respective modification fees.

#### Annual Fee for Promoting Body

Type of organisation	Total fee charged (in Euros)
<u>Promoting Body</u>	EUR 1330

#### Annual Fee for Group Members

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
<u>(Small-scale) Producer Organisation</u>		Members *	
	A	< 50	EUR 818
	B	50 - 100	EUR 818
	C	101 - 250	EUR 918
	D	251 - 500	EUR 1024
	E	501 - 1000	EUR 1230
	F	> 1000	EUR 1426

\* Members include all active legal members of the organisation.

### 3.2.4. Modification of fees for Producer set-ups

Modification of the initial or annual certification fees for Producers apply e.g. in case of additional products or Additional Entities and other circumstances as mentioned below.

#### 3.2.4.1. Additional product fee

The initial and annual fee calculated includes the first product (see → Fairtrade Certification fees).

Additional products to be traded under Fairtrade conditions will be invoiced per Product Category (Product Categories correspond to the Product Standards set by Fairtrade International).

The following is charged per additional product for:

- Small-scale Producer Organisation: 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> grades
- Hired Labour: Plantations and Multi Estates
- Contract Production

#### Initial and Annual Additional Product Fee

Type of organisation	Cat.	Indicator	Total fee charged (in Euros)
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<b>SPO 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> grade</b>  <b>HL Plantation/Multi Estate Multi Estate</b>  <b>CP (Small-scale) Producer Organisation</b>	A	Additional product	EUR 206
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### 3.2.4.2. Additional Entities fee

There are 3 types of Additional Entities that must be invoiced either with the initial or the annual fee:

1. Processing Installations,
2. Subcontracted Entities
3. Domestic Processing Installations - applicable only to gold Producers.

#### **1. Processing Installations**

Every Processing Installation is invoiced separately. The following tables show the additional fees per Processing Installation.

For Small Producer Organisations, the Processing Installation can be in the ownership of the affiliated 1st grade organisation or in the ownership of the 2nd or 3rd grade organisation.

#### SPO/HL/CP: Initial Processing Installation Fee

<b>Type of organisation</b>	<b>Cat.</b>	<b>Indicator</b>  <u>Workers **per Processing Installation</u>	<b>Fee charged</b>
SPO 1 <sup>st</sup> /2 <sup>nd</sup> /3 <sup>rd</sup> grade (incl. <u>Industrial Processing Installations for gold Producers</u> )  HL <u>Single Plantation/Multi Estate</u>  CP: <u>Contract Production</u>	A	1 - 10 <u>Workers</u>	EUR 238
	B	11 - 100 <u>Workers</u>	EUR 464
	C	> 100 <u>Workers</u>	EUR 702

\*\* Workers include all permanent, temporary, seasonal and casual Workers working in the respective Processing Installation. Also includes employees working in administration.

#### SPO/HL/CP: Annual Processing Installation Fee (including Industrial Processing Installations for gold Producers)

<b>Type of organisation</b>	<b>Cat.</b>	<b>Indicator</b>	<b>Fee charged</b>
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SPO: 1st/2nd/3rd grade (incl. Industrial Processing Installations for gold Producers) HL: Single Plantation/Multi Estate CP: Contract Production	A	1 - 10 workers	EUR 106
	B	11 - 100 workers	EUR 206
	C	> 100 workers	EUR 412

\*\* Workers include all permanent, temporary, seasonal and casual Workers working in the respective Processing Installation. Also includes employees working in administration.

## **2. Subcontracted Entities**

If the Small-scale Producer Organisation 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> grade, Hired Labour Multi Estate/Single Plantation or Contract Production Promoting Body/ Producer group has Subcontractors that are involved with the Fairtrade products of the certified customer and whose activities are controlled by contract, the following is charged per subcontracted entity.

Please note that only a maximum number of 3 Subcontractors will be charged per Contract Production project. Certified customers that act as Subcontractors will be exempt. The same applies to Production Partners of an Artisanal Small-scale Mining Organisation.

### **SPO/HL/CP Initial + Annual Fee for Subcontracted Entities**

Type of organisation	Cat.	Indicator	Total fee charged
SPO 1st/2nd/3rd grade		Subcontracted entity	
HL Single Plantation/Multi Estate Contract Production	A	+ 1	EUR 343

## **3. Domestic Processing Installations**

If the Artisanal Small-scale Mining Organisation, its shareholders or members or the Production Partners run Domestic Processing Installations, the following initial or annual fee is charged for each installation:

### **SPO 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> grade: Initial Additional Fee for Domestic Processing Installations**

Type of organisation	Cat.	Indicator	Total fee charged
ASMO		Number of Domestic Installations	
	A	1 - 10	EUR 238
	B	11 - 30	EUR 464
	C	> 30	EUR 702

### **SPO 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> grade: Annual Additional Fee for Domestic Processing Installations**

Type of organisation	Cat.	Indicator	Total fee charged
ASMO		Number of Domestic Installations	
	A	1 - 10	EUR 106
	B	11 - 30	EUR 206
	C	> 30	EUR 412

### 3.2.4.3. Other Producer fee modifications

Certification fees may be increased or decreased by the following factors:

- Producers that also export for other Producers will be charged an additional 15% on top of their certification fee. If the customer chooses to have the Trader Certification Initial Audit separately from the Producer Certification regular audit, the fee is calculated as if it were a Follow-Up Audit.
- FLOCERT reserves the right to charge additional costs to the certification fees if established audit costs are exceeded. This might be due to additional audit days (daily rate is EUR 396) and/or audit-related travel costs (estimated travel costs plus 20% contingency).
- The supplement for lode mining is EUR 227.
- For organisations certified as organic, a 12% reduction applies to the annual base fee if the complete and valid organic certificate in the name of the organisation, including the list of all organic-certified members, is sent on an annual basis.

In the event that any invoice adjustments are made pursuant to this section, such adjustments will be clearly indicated on the invoice.

## 3.3. Textile Standard fees

### Annual Certification Fees (valid for 12 months)

The annual certification fee is invoiced upon completion of the application and subsequently on a 12-month cycle:

Certification Base Fees	Fee (in Euros)
0 - 499 <u>Workers</u> employed	EUR 4772
500 - 999 <u>Workers</u> employed	EUR 5510
1000 - 2999 <u>Workers</u> employed	EUR 6247
3000 - 4999 <u>Workers</u> employed	EUR 9207
> 5000 <u>Workers</u> employed	EUR 9945 + EUR 721 for each additional 1000 <u>Workers</u>
<b>Additional Fees (added to Certification Base Fee)</b>	
Each <u>Additional Entity</u> eligible for audit (a maximum 3 entities will be invoiced) *	EUR 509

\* Certified customers that act as Subcontractors will be exempt.

### **Modification of Certification Fees**

If the textile product is made of Fairtrade cotton or FSI cotton, the Trader Standard applies up to the level of the Fairtrade Payer to ensure that the Fairtrade Minimum Price and Fairtrade Premium were correctly paid. In this case, customers who act as Fairtrade Payers or Conveyors must be certified for the Textile and Trader Standard. An additional 15% will be invoiced on top of their textile certification fee for the Trader service.

FLOCERT reserves the right to charge additional costs to the certification fees if established audit costs are exceeded. This might be due to additional audit days and/or audit-related travel costs.

## **3.4. Climate Standard fees**

The following fees are applicable for organisations applying for, or wishing to continue their FLOCERT Climate certification. They are based on the role the organisation has in the supply chain and whether or not the organisation is already Fairtrade-certified for another product.

### **Annual Certification Fees for Producer Organisations and Project Facilitators**

The Producer organisation (PO) certificate can be held:

- by the Producer organisation (if it is a legal entity), or
- by the Project Facilitator on behalf of the Producer organisation (if the PO is not a legal entity).

Both the PO fee and the Project Facilitator fee apply in both of the above cases. If the PO does not use the services of a Project Facilitator (PF), then the PF fees do not apply.

<b>Fee Type</b>	<b>Fee (in Euros) if the PO is not <u>Fairtrade</u>-certified for another product (e.g. coffee, cocoa)</b>	<b>Fee (in Euros) if the PO is already <u>Fairtrade</u>-certified for another product (e.g. coffee, cocoa) *</b>
<b><u>Producer</u> organisation annual fee</b>	EUR 3135	EUR 2165
<b><u>Project Facilitator</u> annual fee</b>	EUR 380	EUR 380

\* The Fairtrade Climate Standard certification fee is paid in addition to the annual certification fee of the product the organisation is already certified for because 2 separate audits have to be conducted.

### **Annual Certification Fees for Traders**

<b>Fee Type</b>	<b>Fee (in Euros)</b>
<b>Annual certification fee</b>	EUR 1991

### **Modification of Certification Fees**

Annual certification fees may be increased or decreased by the following factors:

- Producer organisations that are not only producing but also trading Fairtrade Carbon Credits (i.e. buying from other certified Producer organisations and selling to Traders) will be charged an additional 15% on top of their certification fee. If the customer chooses to have the Trader Certification Initial Audit separately from the Producer Certification regular audit, the fee is calculated as if it were a Follow-Up Audit.
- FLOCERT reserves the right to charge additional costs to the certification fees if established audit costs are exceeded. This might be due to additional audit days (daily rate is EUR 396) and/or audit-related travel costs (estimated travel costs plus 20% contingency).
- Annual certification fee excludes the cost of travel between Affiliates within an organisation.

In the event that any invoice adjustments are made pursuant to this section, such adjustments will be clearly indicated on the invoice.

## 4. Follow-Up Audit fees

### Producer Follow-Up Audit fees

Follow-Up Audits for Producers are charged on a time and expense basis. The invoiced amount is EUR 396 per day (incl. travel and reporting days) plus travel costs. The travel costs are the estimated travel costs plus 20% contingency.

### Trader Follow-Up Audit fees

Follow-Up Audits for Traders located in the global North and South are as follows:

<b>Physical Follow-Up Audits</b>	<b>Fee (in Euros)</b>
<u>Follow-Up Audit for Traders located in the global North</u> (includes 1 day on-site. Additional days required will be charged at EUR 749 per day.)	EUR 1510
<u>Follow-Up Audit for Traders located in the global South.</u>	auditor days x EUR 396 plus travel costs

## 5. Exception fees

For Traders and all Producer set-ups (Small-scale Producer Organisations, Hired Labour and Contract Production), the following fee is charged for handling of an exception request from the Fairtrade Standards and respective certification requirements:

<b>Exception fees</b>	<b>Fee (in Euros)</b>
Exception fee (including derogations)	EUR 400

This amount is added to the next annual invoice.

## 6. Cancellation fees

The customer will be required to pay a cancellation fee in the following situations:

- Cancellation or postponement of an audit by a customer less than 10 calendar days prior to the audit date mutually agreed between the auditor and customer, or denial of access on the date of the audit. The applicable fee will be equal to the amount of the initial/annual certification fee and must be paid prior to the date of the next audit. The cancellation fee applies to both announced and Unannounced Audits.

- Cancellation or postponement of an audit by a customer 30 to 10 calendar days prior to the audit date mutually agreed between the auditor and customer. The applicable fee will be equal to 50% of the amount of the initial/annual certification fee and must be paid prior to the date of the next audit.

In the event of a force majeure, the responsible Regional Manager will decide whether the conditions justify a cancellation of the audit. If justified, the customer will not be required to pay any cancellation fee.

## 7. Social Indicator fees

### Traders

Social Indicators	Fee (in Euros)
Social Document Check *	EUR 69
Evaluation of social audit report **	EUR 243
Benchmarking of a Social Standard ***	EUR 549

\* WFTO Membership; SA 8000 certificate; Participation in Ethical Trading Initiative, Fair Wear Foundation, Fair Labour Association, Worker Rights Consortium; union letter; statutes of the customer demonstrating that Workers are owners of the customer's company.

\*\* FLOCERT evaluates a social audit report (including the Corrective Action Plan Report) against open Non-Conformities, provided that the Social Standard has already been benchmarked by FLOCERT and covers all ETI Base Code requirements, e.g. GOTS, SMETA, BSCI.

\*\*\* FLOCERT conducts a benchmark analysis of the Social Standard against the ETI Base Code and, if all ETI requirements are covered, evaluates the social audit report (including the Corrective Action Plan Report) against open Non-Conformities.

### Producers - Small-scale Producer Organisation, Hired Labour and Contract Production

Cotton Social Compliance: In case the Producer organisation has an Additional Entity that is a cotton Trader related set-up/structure (e.g. a subcontracted ginner) for which social compliance requirements apply, please refer to the following:



- Trader fees apply, see [↗ https://www.flocert.net/fairtrade-fee-calculator/](https://www.flocert.net/fairtrade-fee-calculator/) for indication of cost
- → Social Indicators guidance



## Glossary

### 1st grade organisation

A Small-scale Producer Organisation (SPO) whose legal members are exclusively individual farmers.

### 2nd grade organisation

A Small-scale Producer Organisation (SPO) whose legal members are exclusively 1st grade organisation Affiliates.

### 3rd grade organisation

A Small-scale Producer Organisation (SPO) whose legal members are exclusively 2nd grade organisation Affiliates.

### Additional Entity

An Additional Entity is a site or legal entity that does not take legal ownership of the Fairtrade product but provides services involving the Fairtrade product (storage/packing/processing) that are within certification scope.

It can be either:

- A Subcontractor to a certified customer or
- a site owned by a certified customer.

Certain services are out of certification scope; entities providing these services are not considered Additional Entities.

### Additional Entity Audit

FLOCERT audit carried out at the premises of a Master Operator's Additional Entity.

### Affiliate

A producer organisation (e.g. 1st grade, 2nd grade, plantation) that operates under an umbrella body such as a 2nd (or 3rd) grade organisation or Multi Estate involved in the production of Fairtrade products.

## **Allegation**

An accusation made by a third party against a Fairtrade organisation, claiming it has violated the Fairtrade Standards, FLOCERT policies, or other contractual obligations with Fairtrade International/FLOCERT. Such an Allegation may be filed by any party, including but not limited to: a Fairtrade organisation, a Non-Governmental Organisation (NGO), a labour union, a worker, or a member of the public. Find out more about FLOCERT's Allegation procedures at <https://www.flocert.net/submit-an-allegation-appeal-or-complaint/>

## **Annual Trader Questionnaire**

A yearly questionnaire that Traders must complete to provide important updates on their operations, such as stock levels of Fairtrade products, supply chain roles, and compliance with labour and environmental standards. This helps FLOCERT enhance audit preparation and execution, manage risks, and improve efficiency. The questionnaire is accessible via the Fairtrade platform under the "Questionnaires" tab.

## **Appeal**

An official request by the customer to revoke or reverse a FLOCERT Certification Decision.

## **Appeals Committee**

An internal quality control body that objectively supervises the decision-making process carried out within FLOCERT. Thus, it is responsible for guaranteeing a consistent interpretation of the Standards and for ensuring that operations are carried out with due diligence. As a company-internal body, its role is neither that of an external and/or official arbitration/mediation body nor a court-like institution.

## **Artisanal Small-scale Mining Organisation**

Short form: ASMO. An ASMO is comprised of artisanal and small-scale miners and/or is held by legal owners, landowners, shareholders and/or members. It is constituted according to the legal, social, cultural and organisational reality of the local context.

An ASMO has direct (held by the ASMO) or indirect (held by miners of the ASMO) legal or contractual rights and environmental permits to mine. Where a country does not provide community-based Artisanal Small-scale Mining with legal status, the ASMO has all other direct or indirect legal or contractual rights and environmental permits to mine legally.

## **Associate**

A Trader Corporate Certification (TCC) certificate holder under one Master Operator.

## **Associate Audit**

FLOCERT audit of an Associate in a Trader Corporate Certification (TCC) set-up.

## **Audit Order**

Order that contains information regarding the audit to be carried out, including customer details (contact information, products), Terms of Reference and Compliance Criteria checklist. Audit Orders are created in Intact Platform and assigned to the Auditor. Each Audit Order bears a unique number which is automatically created in Intact Platform.

## **Audit Preparation Letter**

Document that contains detailed information on the scope of the audit, the agenda and which documents the customer needs to prepare before the audit.

## **Audit Report Evaluation**

An evaluation of all the completed Audit Order's documents and annexes.

## **Basic Documentation**

Basic Documentation for an audit is defined for each customer individually by the Auditor in the Audit Preparation Letter.

## **Central Structure**

Organisational level in Hired Labour Multi Estates or 2nd/3rd grade Small-scale Producer Organisations that coordinates and manages the overall organisation.

## **Certification Analyst**

FLOCERT employee who acts as the point of contact for customers; coordinating and administering Fairtrade Certification for customers in the regions they are assigned to.

## **Certification Cycle**

The period from the point of initial certification to re-certification, or from re-certification to the following re-certification.

## **Certification Decision**

A Certification Decision is always made on the basis of a previous evaluation of audit results, or assessment of other compliance status-related facts, and directly affects an organisation's certification status.

## Certification Sanctions

Sanctions used in the certification process that affect the certification status and ability to trade under Fairtrade terms.

## Certifier

At FLOCERT, the Certifier refers to the staff member who, in contrast to an Evaluator, has the authority to take Certification Decisions.

## Climate Standard End-Buyer

(Only applies to Fairtrade Climate Standard) The end-buyer of Fairtrade Carbon Credits is an organisation or individual that purchases Fairtrade Carbon Credits in order to compensate for its emissions and invest in a sustainable project in the South. An end-buyer is not certified by FLOCERT against the Standard requirements. However, if the end-buyer sources more than 1,000 Carbon Credits per year, they sign an agreement with their country's National Fairtrade Organisation, in which they commit to fulfilling the Fairtrade Climate Standard requirements for end-buyers.

## Climate Standard Producer Organisation

(Only applies to Fairtrade Climate Standard) Organisation producing Fairtrade Carbon Credits. This producer organisation may be a Small-scale Producer Organisation, a community-based organisation, or any kind of organisation following the rules laid out in the Fairtrade Climate Standard. It is composed of "producers", who produce Fairtrade Carbon Credits via the carbon project.

There are 2 such types of producer organisations:

- Legally registered producer organisations, who have already signed a certification contract with FLOCERT and are audited and certified against the requirements for producer organisations. If compliance with certain requirements is outsourced to a project facilitator, the organisation must have a contractual agreement with the project facilitator (see Glossary: "*Project facilitator*").
- Informal producer organisations, who are not legally registered and thus cannot sign the certification contract with FLOCERT. In these cases, the project facilitator may sign the certification contract with FLOCERT on the organisation's behalf. As the certificate holder, the project facilitator is therefore responsible for the compliance of the producer organisation.

## Climate Standard Trader

The first buyer taking legal title of the issued Fairtrade Carbon Credits after the producer organisation must be certified against the trader requirements of the Fairtrade Climate Standard. They must sign a certification contract with FLOCERT and be audited against the Fairtrade Climate Standard trade requirements.

## Closing Meeting

Meeting held at the end of the audit, during which the Auditor explains all Non-Conformities to the customer as well as the score achieved on Development Criteria (only applicable at Renewal Audits of Small-scale Producer Organisations, Contract Production and Hired Labour).

Find out more about FLOCERT's audit process at: [↗ https://www.flocert.net/how-to-join-fairtrade/](https://www.flocert.net/how-to-join-fairtrade/)

## Closing Report

Signed by the customer, the Closing Report outlines Non-Conformities identified during the audit and presented during the Closing Meeting.

## Complaint

A formal expression of dissatisfaction with the quality of services delivered by FLOCERT. A complaint can be registered by any third party or member.

Go to the the Quality and Appeals page at [↗ https://www.flocert.net/about-flocert/vision-values/quality-and-appeals/](https://www.flocert.net/about-flocert/vision-values/quality-and-appeals/)

## Compliance Criteria

A translation of the requirements of the Fairtrade Standards, binding guidance documents and FLOCERT certification rules into verifiable control points. These criteria are evaluated in the certification process to determine compliance with the Fairtrade Standards and certification requirements. Compliance Criteria are in accordance with the minimum and progress requirements of the Fairtrade Standards, and therefore every Compliance Criterion is linked to a specific timeline indicating when it needs to be fulfilled.

All Compliance Criteria are published by FLOCERT on the public Compliance Criteria lists at: [↗ https://www.flocert.net/fairtrade-compliance-criteria/](https://www.flocert.net/fairtrade-compliance-criteria/)

## Compliance Criteria Checklist

The list FLOCERT uses during audits to check compliance with a certain Standard.

## Confirmation Audit

A FLOCERT Digital, Focused or Unannounced Audit, that may take place between an Initial and a Renewal Audit or in between two Renewal Audits to confirm compliance.

A Confirmation Audit is conducted if required by FLOCERT's assessment of the organisation's individual needs. This assessment is based on: compliance with the Fairtrade Standards, Fairtrade Premium amount received/paid, and the individual set-up.

## Contract Production

In the Fairtrade Standards, Contract Production is a production set-up of small producers who don't have a formal structure, or who are organised into structures without legal status. They can join Fairtrade if they partner with an intermediary organisation such as an exporter, processor, private enterprise or Non-Governmental Organisation (NGO) (see Promoting Body) to which they contract for the production and sale of a product. The intermediary organisation contributes to the producer's social and economic development with the aim of helping them become autonomous and, over time, comply with the Fairtrade Standards for Small-scale Producer Organisations.

## Conveyor

Any organisation that receives the Fairtrade Minimum Price and/or Fairtrade Premium from a Fairtrade Payer and passes it on to the respective producer.

## Core Compliance Criteria

The Core Compliance Criteria reflect the Fairtrade principles. All producers within Small-scale Producer Organisations and Contract Production set-ups, as well as traders, must comply with the Core Compliance Criteria to become Fairtrade-certified.

## Corrective Measures

A measure to resolve existing Non-Conformities and prevent their recurrence.

## Decertification

Under certain circumstances (e.g. non-fulfilment of Corrective Measures, non-payment of fees), the certificate of a customer may be withdrawn. Following decertification, the customer is not allowed to sign new Fairtrade contracts nor to fulfill existing contracts.

## Development Criteria

Development Compliance Criteria (only for producers) aim to support producers in their continuous improvement over the years and only need to be complied with after 3 or 6 years (at an average score of 3 or higher). The Fairtrade Standards define which requirements are Development Criteria.

## Digital Audit

Digital Audit is an audit type that involves a detailed review of the transactions of a certified trader aided by business intelligence dashboards that support the auditor to detect possible discrepancies between the Fairtrade transactions and the Fairtrade Standard.

## Documentary Traceability

Ability to trace the source and specific characteristics of a product via information captured in documents.

## Domestic Processing Installations

Micro-enterprises and part of the family economy, which may – due to their size and characteristics – not require formal public registration, operation permits or labour inspection. The Artisanal and Small-scale Mining Organisation (ASMO) is obliged to register all domestic processing units and the miners if they belong to the ASMO's production system and deliver into the Fairtrade supply chain. All people (family members above the age classified as child labour) involved in the domestic processing units' activities are miners. Domestic Processing Installations may include, e.g. small mills, amalgamation, smelting, dredges and pumps in alluvial mining, operated by family members and their workers.

## Evaluation Decision

An Evaluation Decision is taken by FLOCERT within the application or audit evaluation process. Evaluation Decisions are the basis for the Certification Decision and include confirmation of Non-Conformities, Corrective Measures, and Objective Evidence sent in by the FLOCERT customer.

## Exceptions Committee

The Exceptions Committee is responsible for providing guidelines for the granting of exceptions to the Food Composite Product Standard, and for granting Type II exceptions. Exceptions to the Fairtrade Trader Standard or Type I exceptions are granted by FLOCERT or the local National Fairtrade Organisation respectively.

## Exporter

An Exporter is a company (other than the producer organization) taking care of exporting a Fairtrade product from the country of origin (the country the producer organization is located).

## FLO ID

A unique identification number assigned by FLOCERT to all Fairtrade organisations. A FLO ID's existence does not necessarily imply that an organisation is certified.

## FLOCERT

The independent Fairtrade certification body, offering Fairtrade certification services to customers in more than 120 countries. FLOCERT GmbH, a private limited company, evaluates Fairtrade certification applications, verifies compliance with the Fairtrade Standards during audits, and decides whether Fairtrade Certification can be granted or not. Certificates are issued as proof of successful Fairtrade Certification, and as authorisation to trade Fairtrade products. FLOCERT GmbH holds an ISO 17065 accreditation and follows best practice in all of its certification operations.

## FairMonitor

A supply chain monitoring tool which enables Fairtrade organisations certified by FLOCERT to create a visual map of their supply chain, monitor the certification status of suppliers and customers, receive automated emails with information on changes in the Fairtrade certification status of their supply chain members, and customise their company profile to promote themselves to potential new partners and suppliers within Intact Platform.

## Fairtrace

FLOCERT's collaborative reporting and assurance platform available for all Fairtrade-certified supply chain actors. It captures Fairtrade transaction data (volumes, Price and Premium) and enables users to collaborate in the reporting and verification of information via virtual handshakes.

## Fairtrace alerts

This tool scans our reporting platform Fairtrace for critical compliance and reporting issues and sends automated notifications to certification analysts so they can act immediately. These alerts enable to monitor compliance based on almost real-time information and thus quickly clear up any discrepancies directly rather than being flagged during audits.

## Fairtrade

Fairtrade refers to all or any part of the activities of Fairtrade International e.V., FLOCERT, Fairtrade Producer Networks, National Fairtrade Organisations and Fairtrade Marketing Organisations. Fairtrade is used to denote the product certification system operated by Fairtrade International/FLOCERT.

Find out more about Fairtrade Certification at <https://www.flocert.net/fairtrade-overview/>

## Fairtrade Carbon Credits

Carbon Credit(s) produced and traded under the conditions laid out in the Fairtrade Climate Standard.

## Fairtrade Certificate

Each customer granted Fairtrade product certification by FLOCERT receives a certificate. This document is valid for four years for Producers, six years for Traders, and indicates either the products that producers are allowed to sell as Fairtrade, or the product category traders are allowed to buy as Fairtrade.

Find out more about the Fairtrade Certification process: <https://www.flocert.net/solutions/fairtrade/how-it-works/>

## Fairtrade Certification

A product certification system where social, economic and environmental aspects of production are certified against Fairtrade Standards for producers and traders.

The Fairtrade system monitors the buying and selling of the product until it is consumer packaged and labelled. Certificates are only issued after a physical inspection has confirmed that all relevant Fairtrade Standards have been complied with. Find out more about Fairtrade Certification at: <https://www.fairtrade.net/about/certification> and <https://www.flocert.net/solutions/fairtrade/fairtrade-overview/>.

Fair Trade certification refers to certification according to Fair Trade Standards. To find out more visit: <https://wfto.com/>

## Fairtrade Climate Standard

The Fairtrade Climate Standard defines all requirements for producer organisations and traders, project facilitators and end-buyers of Fairtrade Carbon Credits.



## **Fairtrade International**

Fairtrade International (FI) is a multi-stakeholder, nonprofit organisation focusing on the empowerment of producers and workers in developing countries through trade. Fairtrade International provides leadership, tools and services needed to connect producers and consumers, promote fairer trading conditions and work towards sustainable livelihoods.

Fairtrade Labelling Organizations International e.V. is the legally registered name of "Fairtrade International".

## **Fairtrade Minimum Price**

The Fairtrade Minimum Price (where it exists) is the minimum price that must be paid by buyers to producers for a product to become certified against the Fairtrade Standards.

It is a floor price which covers producers' average costs of production and allows them access to their product markets. The Fairtrade Minimum Price (FMP) represents a formal safety net that protects producers from being forced to sell their products at too low a price when the market price is below the FMP. It is therefore the lowest possible price that the Fairtrade Payer may pay to the producer.

## **Fairtrade Officer**

All Fairtrade Certification customers must designate one key contact person, a Fairtrade Officer, within their organisation. The Fairtrade Officer will be the main point of contact for certification and audit issues. They will be responsible for ensuring the customer's compliance with all certification requirements and for keeping the certification body updated with contact details and other relevant information.

## **Fairtrade Payer**

Fairtrade Payers are the buyers responsible for paying the Fairtrade Minimum Price or agreed commercial price and/or the Fairtrade Premium.

## **Fairtrade Premium**

An extra sum of money, paid on top of the selling price, that farmers or workers invest in projects of their choice. They decide together how to spend the Fairtrade Premium to reach their goals, such as improving their farming, businesses, or health and education in their community.

## **Fairtrade Premium Committee**

A committee consisting of elected worker members and appointed advisors from management. Its purpose is to manage the Fairtrade Premium received for the benefit of all workers on a certified plantation.

## **Fairtrade Premium Payer**

The trader responsible for paying the Fairtrade Premium to the producer.

## **Fairtrade Price Payer**

The trader responsible for paying at least the Fairtrade Minimum Price to the producer.

## **Fairtrade Product Standards**

Requirements that apply to a specific product category, in addition to the Fairtrade Standards. Fairtrade Product Standards supersede Fairtrade Generic Standards if any contradictions occur.

## **Fairtrade Sourced Ingredients**

Short form: FSI. A commodity-sourcing approach applicable to all products except bananas. The model focuses on the sourcing of Fairtrade commodities and is indicated by the use of the FSI Mark. FSI Licensees are offered a range of communication options, including both the FSI Mark on-pack of composite products and off-pack claims and/or communication.

## **Fairtrade Standards**

Fairtrade Standards, comprising Fairtrade Generic Standards and Fairtrade Product Standards, are requirements that producers and traders must meet in order to obtain Fairtrade Product Certification:

🔗 <https://www.fairtrade.net/standard/fairtrade-standards>

## **Fairtrade Trader Standard**

Requirements that traders must meet, irrespective of the product traded, in order to obtain a Fairtrade certificate. See: 🔗 <https://www.fairtrade.net/standard/trader>

## **Financial Sanctions**

Monetary penalty that may be applied by FLOCERT as a sanction in certain situations.

## **Finished Product**

A Finished Product is a consumer-ready product, which is Fairtrade labeled and in its final packaging (not further repacked/transformed).

## **Focused Audit**

A FLOCERT Focused Audit may take place in between two Renewal Audits – or an Initial and a Renewal Audit – in order to follow up on Non-Conformities identified at the last Initial/Renewal Audit. It focuses on specific sections of the Fairtrade Standard identified as critical for the individual organisation.

## **Follow-Up Audit**

A FLOCERT Follow-Up Audit is the result of an Evaluation or Certification Decision. The goal of a Follow-Up Audit is to follow-up on all Non-Conformities which can only be verified during a physical audit.

## Food Composite Ingredient

An ingredient (e.g. chocolate chips) made of several components (e.g. cocoa, cane sugar) not intended for consumer purchase but to be used as an ingredient in a Food Composite Product.

## Food Composite Product

A consumer-ready product (e.g. chocolate) composed of more than one ingredient (e.g. cocoa, cane sugar).

## Gap Analysis

A performance assessment of a business entity against a given Standard or private Code of Conduct.

Such a pre-assessment is often used to rate a business entity's conformity levels against a given Standard and to identify any gaps in actual performance, to allow the business entity to close these gaps before a formal audit/verification and/or certification processes are initiated.

## Group Mass Balance

Group Mass Balance (GMB) allows that Fairtrade inputs do not need to be delivered to the same site as that where the Fairtrade output is processed. Group Mass Balance is only allowed in cocoa and cane sugar. All entities belong to the same group. The product can be delivered to, processed in, sold on from any of the sites (i.e. Additional Entities, that consequently do not take legal ownership). Legal ownership remains only with the Master Operator.

See also: Mass Balance.

## Hired Labour

The term Hired Labour refers to the Fairtrade Standard for Hired Labour Organisations. These are organisations where the main share of work is carried out by workers, as distinct from membership-based organisations such as Small-scale Producer Organisations.

## Importer

An Importer is a company taking care of the import of a Fairtrade product from the country of origin (the country the producer organization is located).

## Industrial Processing Installations

Installations that structurally depend on contracted labour (more than twenty workers, seasonal, temporary or permanent). Due to necessary safety measures, cyanidation/leaching plants are always considered to be "*industrial*" – regardless of their size and the number of workers they employ.

## Initial Audit

In order to become Fairtrade-certified, an organisation must first apply for certification. Based on the information received during the application phase, and if the application is accepted, the Initial Audit

is then planned. After the Initial Audit, the audit results will be evaluated and FLOCERT will decide whether the applicant can be certified.

Read more on the Fairtrade Certification process at: <https://www.flocert.net/solutions/fairtrade/how-it-works/>

## **Intact Platform**

Intact Platform is the software used to facilitate the certification work for FLOCERT and its customers. Information on certification status, upcoming and conducted audits is accessible and the different follow-up steps after audits are conducted in the Intact Platform. The portal is password-protected and may be reached at: <https://www.flocert.net/intact-platform/>

## **Licence Agreement**

The contract between the Licensee and a National Fairtrade Organisation or Fairtrade International, which regulates their commercial relations and the use of the FAIRTRADE Certification Mark on the Licensee's products.

## **Licensee**

A company licensed by a National Fairtrade Organisation or Fairtrade International to use the FAIRTRADE Certification Mark.

## **Like for Like**

Principle for Mass Balance products whereby purchases of Fairtrade inputs should be comparable (same kind and quality) to the inputs used in the actual Fairtrade product.

## **Main Audit Site**

The location in a Trader Corporate Certification (TCC) set-up where the Documentary Audit takes place, usually at the head office of the certified customer.

## **Manufacturer / Processor**

A Manufacturer / Processor is a company transforming a Fairtrade product at any stage in the production process from raw material into ready-for-sale product.

## **Mass Balance**

The Fairtrade practice which requires certified customers to ensure that the output amount sold as Fairtrade must be equivalent to the input amount sourced as Fairtrade, taking into account production yields and losses. The quantity of products or ingredients sold must not exceed the quantity purchased, thereby ensuring that the "balance" is positive. Mass Balance is only applicable to a few Fairtrade products: cocoa, cane sugar, juice and tea, as well as the Fairtrade Sourced Ingredients Cotton and Gold Sourcing Programs.

See also glossary terms: Group Mass Balance (GMB) and Single Site Mass Balance (SSMB).



## Master Operator

Master Operator describes a certified entity that covers Additional Entities, Affiliates or Associates under its Fairtrade certificate. In the context of Trader Corporate Certification it is the entity where the main contact person for FLOCERT is located and the Documentary Audit takes place.

## Multi Estate

Multi-estates are farms that are composed of more than one estate or several production sites under the same legal structure that apply different HR systems and/or production practices. Different HR systems mean that they have separate management and/ or HR decisions and rules (e.g. on overtime) differ on the sites and/or they have decentralized record keeping (e.g. contracts, pay slips, overtime and health records are kept on different production sites). Different production practices mean that for example different agrochemicals are applied or different health and safety requirements are implemented. Multi estates may also have separate Fairtrade Premium Committees and different workers representatives on the different production sites.

## National Fairtrade Organisation

Short form: NFO. A full member of Fairtrade International, responsible for licensing, marketing, business development and raising awareness in a defined geographic area.

## No product on site

No Fairtrade product is handled in any way at the main audit site of the customer, neither by the certified customer nor by an Additional Entity at the same location.

## Non-Conformity

A Non-Conformity is the non-fulfilment of a specific Standard requirement.

## Objective Evidence

Any means of proving compliance with a (Standard) requirement. At FLOCERT, Objective Evidence is requested from organisations in order to verify compliance during audits, or to prove fulfilment of Corrective Measures in the case of Non-Conformities.

## Observation

An Observation can be recorded during a Digital Audit when a potential Non-Conformity has been identified but could not be fully investigated during the Digital Audit due to lack of information or when issues are identified which are not a breach of the Compliance Criteria but could lead to non-compliance if not corrected.

## Observed Audit

FLOCERT Audit that is observed by a third party.

## Opening Meeting

Meeting held at the beginning of an audit.

## Permission to Trade

Intermediate and temporary allowance to start trading under Fairtrade conditions. By no means does it represent a valid Fairtrade Certificate and it is linked to certain conditions. There is a difference in the Permission to Trade for traders and producers:

- Traders, upon receipt of payment of the initial certification fee, receive a preliminary Permission to Trade valid for nine months.
- For producer organisations, the Permission to Trade will be issued if there are no Major Non-Conformities identified during their Initial Audit until the audit evaluation is completed and a Fairtrade Certificate is issued.

## Physical Traceability

In a Fairtrade supply chain, Physical Traceability is the ability to follow a specific product throughout the supply chain and at all stages of production and processing. In this model, Fairtrade products must always be segregated from non-Fairtrade products (exceptions apply to cocoa, tea, sugar and juice products) and certified organisations must ensure that the product is clearly identifiable as Fairtrade. Physical mixing of certified products coming from different certified sources is allowed.

## Processing Installation

A Processing Installation is owned or subcontracted by an organisation where the raw and intermediate product is transformed into a product with higher value. Within Fairtrade Certification, Fairtrade-certified organisations are responsible for assuring their Processing Installations' compliance with the Fairtrade Standards when they fall under the definition of "Additional Entity".

## Producer

The term Producer refers to any type of producer set-up as found in the Fairtrade Standards: Hired Labour, Small-Scale Producer Organizations, Contract Production and Artisanal Small-scale Mining Organizations.

## Producer Certification

The certification of producers against the Fairtrade Standards relevant to them.

## Producer Executive Body

Elected representatives of the individual contracted producers, in the context of Contract Production. The Producer Executive Body (PEB) is the intermediary between the individual producers and the Promoting Body. It also represents the producers' interests and ensures that the Fairtrade Premium is handled properly.

## **Producer Network**

A regional network of producers and/or regional associations who work together for their common interest. The focus of those efforts may vary depending on the context.

The promotion of dialogue and collaboration is a key Fairtrade objective, and the Producer Networks represent their members on the Fairtrade International Board. Networks include Fairtrade Africa for the African region, CLAC for the Latin American and Caribbean region and NAP for the Asian region. They now exist as "CAN", a cluster of Fairtrade Producer Networks (CLAC-AFN-NAP).

## **Producer that also exports for other Producers**

Any Fairtrade Producer organisation that is taking care of exporting a Fairtrade product for another Producer organisation from the country of origin (the country the Producer organisation is located).

## **Product Category**

The respective Fairtrade Product Standard classification, such as fresh fruit, cocoa, coffee, etc.

## **Product Compensation**

When a buyer purchases a product from a non-certified producer or Conveyor under ordinary conditions (non-certified), and wants to convert that product into a certified product. To do this they must purchase the equivalent quantity and quality from a certified producer and sell or use it as non-Fairtrade (i.e. "downgraded equivalent"). Product Compensation is only granted in very exceptional cases and requires a formal application and approval process with FLOCERT.

## **Product Form**

The processed form of a Product Type.

## **Product Type**

The Product Type is always directly derived from a Fairtrade Standard and describes the different products summarised within one Product Category.

## **Production Partner Organisation**

An organisation or commercial entity that an Artisanal Small-scale Mining Organisation (ASMO) may partner with in the production or processing of their certified metals, e.g. a cyanidation plant, or ore crushers.

## **Project Facilitator**

(Only applies to the Fairtrade Climate Standard) An external entity that supports the producer organisation in developing Fairtrade Carbon Credit projects. This entity may be an independent consultant, NGO, company, technology provider, buyer, etc., as long as it provides a support role and transfers skills to the producer organisation.

Commonly known in the carbon sector as a "*project developer*", Project Facilitators must comply with the applicable Fairtrade Standard requirements because they perform activities that fall under the producer organisation's certification scope (e.g. handling the Fairtrade Carbon Credits – holding an account without legally owning the Fairtrade Carbon Credits or price and Premium on behalf of the certified entity). Project Facilitators are registered as an Additional Entity under the producer organisation's certificate and are audited as part of the producer organisation.

Project Facilitators are often mandated to carry out activities related to Standard requirements for the producer organisation. These may be requirements for the producer organisation (e.g. ensuring the project complies with the country's laws/requirement 2.2.2 of the Fairtrade Climate Standard) or they may hold the producer organisation's Carbon Credits in their Gold Standard account without legally owning them.

It is possible for there to be 2 or more Project Facilitators involved with the same producer organisation. Those taking legal ownership of the Fairtrade Carbon Credits must be certified separately as a trader (see Climate Standard Trader). Those whose roles include both Project Facilitator and trader do not have to buy all Carbon Credits issued by the producer organisation as Fairtrade Carbon Credits. They may wait until a purchase contract for Fairtrade Carbon Credits is signed with the producer organisation once they know they have a buyer for Fairtrade Carbon Credits.

## **Promoting Body**

A Promoting Body is defined in the Fairtrade Standards for Contract Production, and describes a legal entity, either trade or non-trade, forming a partnership with the producers it contracts and supports. In the case of certification in the Contract Production Standard, the Promoting Body is the holder of the certificate.

## **Pure Licensee**

Companies that buy and sell finished Fairtrade products and have a License Agreement with a National Fairtrade Organisation or Fairtrade International. They are generally out of scope for → Fairtrade Certification because they buy finished labelled and packaged products, but can apply for Pure Licensee verification.

## **Quality Claim**

A FLOCERT procedure whereby an organisation reports to the producer that products have been sold below the quality tolerances.

## **Re-entry Audit**

Audit conducted when a previously decertified customer seeks to enter Fairtrade Certification again.



## Remote Audit

A Remote Audit is the method of conducting an audit remotely, using documentary evidence and electronic methods such as video conferencing, email and telephone to obtain audit evidence.

## Renewal Audit

FLOCERT Audit conducted at the end of a Certification Cycle before the linked certificate expires. The aim is to verify compliance with the requirements applicable at the time, and to determine whether certification can be renewed.

## Retro-certification

The process of retrospectively converting a Fairtrade-eligible product bought from a Fairtrade producer or exporter under ordinary conditions (non-Fairtrade) into a Fairtrade product by payment of the Fairtrade price and/or Fairtrade Premium adjustment. Retro-certification is only granted in very exceptional circumstances and requires a formal application and approval process with FLOCERT.

## Scope Extension Audit

A Scope Extension Audit is carried out if the FLOCERT customer wants to add an additional product or entity to the certification scope before the next scheduled audit and the Analyst has evaluated the scope extension application with the condition of a previous audit.

## Single Estate

A single farm part of a Multi Estate structure (as opposed to a Single Plantation).

## Single Plantation

The Hired Labour Standard differentiates Single Plantations from Multi Estate organisations. A Single Plantation has one or several production sites producing the same product and all HR decision are made at a central level and all files (contracts, health records, pay roll incl. overtime records) are kept centrally.

## Single Site Mass Balance

Single Site Mass Balance (SSMB) requires that all Fairtrade inputs must be delivered to and processed at the same site where the Fairtrade output is processed.

## Small Company

Applicable only for Hired Labour Standard ([↗ https://files.fairtrade.net/standards/HL\\_EN.pdf](https://files.fairtrade.net/standards/HL_EN.pdf)):

Any company hiring 25 or fewer permanent workers. All requirements are applicable to all companies; however some requirements have been modified for small companies as noted throughout the Standard.

## Small Customer

A subcategory of Fairtrade Trader, that meets all the following requirements:

1. The customer does not classify as a Fairtrade Price Payer or Fairtrade Premium Payer.
2. The customer is not a conveyor.
3. The customer's annual global turnover (including non-Fairtrade activities) does not exceed EUR 5 million.

## Small Licensee

A customer that has been granted the right to use the FAIRTRADE Mark by Fairtrade International or a National Fairtrade Organisation, and who meets the criteria set out in FLOCERT's → Small Licensee Scheme.

## Small-scale Producer Organisation

Legally registered organisation of farmers who are not structurally dependent on permanent hired labour and who manage their production activity mainly with family workforce and who are either in the process of application / certification or certified according to the Standard for Small-Scale Producer Organisations (<https://www.fairtrade.net/standard/spo>).

## Social Indicator

Documentary evidence in relation to requirements 2.4.1 and 2.4.2 of the Fairtrade Standard for Fibre Crops. It can be a certain certificate, involvement in certain initiatives, or certain Social Audit reports.

## Sourcing Plan

An outline of what is likely to be purchased during the year or season, and in what quantities.

## Subcontractor

An individual or company that provides product-related services on behalf of an organisation, but does not take legal ownership of the product. Within Fairtrade Certification, Fairtrade-certified organisations are also responsible for assuring their subcontractors' compliance with the Fairtrade Standards when they fall under the definition of "Additional Entity".

## Suspension

If a customer does not adhere to certification requirements (e.g. Non-Conformity with Major Criteria) or contractual obligations, FLOCERT may suspend the customer's certificate in order to give the customer the opportunity to make corrections.

## Terms of Reference

The Terms of Reference are created and sent by the Certification Analyst to the Auditor and define the Auditor's mandate for the upcoming audit.

## Trader

An organisation with Trader Certification. It may have either a seller or buyer role in transactions depending on its business relationship with the other party of each particular transaction.

- Seller: when selling a product volume it has bought from a producer to a buyer.
- Buyer: when buying a product volume from a seller.

## Trader Certification

The Fairtrade certification of traders against the relevant Fairtrade Trader Standards: [↗ https://www.fairtrade.net/standard/trader](https://www.fairtrade.net/standard/trader)

## Trader Corporate Certification

As opposed to traditional Fairtrade Trader Certification where every legal entity buying and selling Fairtrade products holds 1 individual certificate, Trader Corporate Certification allows up to 11 legal entities to be covered by 1 certificate, to buy and sell Fairtrade products, i.e. 1 legal entity acting as "Master Operator" (certificate holder) and up to 10 other legal entities considered as "Associates".

## Trader Induction

An e-learning training that all new Traders that enter the system have to take, to ensure that they enter with a minimum level of knowledge on relevant topics and prevent common mistakes.

## Trader Production Audit

All certified Trader customers may receive a Trader Production Audit. These audits have the objective to follow up on indications of violations of environmental or labour laws/the fundamental ILO conventions. These may have been identified in regular Audits or via Allegations or other relevant information. FLOCERT reserves the right to randomly select customers to receive a Trader Production Audit.

This audit type uses a specific checklist with additional checkpoints marked as "reactive" in the Compliance Criteria List for Traders.

## Unannounced Audit

FLOCERT Audit that takes place without prior announcement in order to assess what is happening at the customer's site during a "typical" day, in contrast to the potentially artificial environment created for an Announced Audit.

## **Unannounced Remote Audit**

Remote FLOCERT Audit that takes place without prior announcement.

## **Voluntary Best Practice**

Additional steps that all supply chain actors can take to foster even fairer trading conditions. These are voluntary and not required in order to be compliant with the Fairtrade Trader Standard.

Learn more about FLOCERT's Compliance Criteria at: <https://www.flocert.net/solutions/fairtrade/compliance-criteria/>

## **Voluntary Physical Traceability**

Physical Traceability has always been a requirement for Fairtrade products. However, the Standards allow 4 product categories (cocoa, cane sugar, fruit juices and tea) an exception from the Physical Traceability requirements as soon as the Fairtrade products are processed, i.e. they allow for Mass Balance.

Customers trading 1 of the above 4 products may opt for Voluntary Physical Traceability throughout their entire supply chain. FLOCERT will check compliance on this during the audit.

## **Workers**

Field Workers, artisans or other Workers, including migrant, temporary, seasonal, sub-contracted and permanent Workers, and all other Hired Labour personnel. The term, however, is limited to personnel who are entitled to join unions, and therefore normally excludes middle and senior management (for more details see the Fairtrade Hired Labour Standard: <https://www.fairtrade.net/standard/hl>).